

RECEIVED

MAY 19 2008

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE SIX MONTH)
BILLING PERIODS ENDING JUNE 30, 2006 AND)
DECEMBER 31, 2006, FOR THE TWO-YEAR BILLING)
ENDING JUNE 30, 2007, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO. 2007-00378

RESPONSE OF CLARK ENERGY COOPERATIVE, INC.

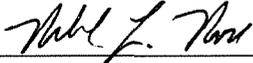
Comes Clark Energy Cooperative, Inc., by counsel and for its response to the Order entered herein on May 1, 2008 files the Affidavit of Paul E. Embs as President and CEO, which is attached hereto as Appendix "A".

CERTIFICATE OF SERVICE

This is to certify that this Response of Clark Energy Cooperative, Inc. to the Order of the Public Service Commission entered herein on May 1, 2008 has been served upon the Public Service Commission by hand delivering the original and seven true and accurate copies to the Public Service Commission on May 19, 2008 and has further been served upon the following parties: Allen Anderson, South Kentucky R.E.C.C., Post Office Box 910, 925-929 N. Main Street, Somerset, Kentucky 42502-0910; Daniel W. Brewer, Blue Grass Energy Cooperative, Corp., Post Office Box 990, 1201 Lexington Road, Nicholasville, Kentucky 40340-0990; Sharon K. Carson, Finance & Accounting Manager, Jackson Energy Cooperative, 115 Jackson Energy Lane, McKee, Kentucky 40447; Carol H. Fraley, President and C.E.O., Grayson R.E.C.C., 109 Bagby Park, Garyson, Kentucky 41143; Ted Hampton, Cumberland Valley Electric, Inc., Highway 25E, Post Office Box 440, Gray, Kentucky 40734; Larry Hicks, Salt River Electric Cooperative, Corp., 111 West Brashear Avenue, Post Office Box 609, Bardstown, Kentucky 40004; Robert Hood, Owen Electric Cooperative, Inc., 8205 Highway 127 North, Post Office Box 400, Owenton, Kentucky 40359; Kerry K. Howard, Licking Valley R.E.C.C., Post Office Box 605, 271 Main Street, West Liberty, Kentucky 41472; James L. Jacobus, Inter-County Energy Cooperative Corporation,

1009 Hustonville Road, Post Office Box 87, Danville, Kentucky 40423-0087; Robert Marshall, East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Post Office Box 707, Winchester, Kentucky 40392-0707; Debbie Martin, Shelby Energy Cooperative, Inc., 620 Old Finchville Road, Shelbyville, Kentucky 40065; Michael L. Miller, President and C.E.O., Nolin R.E.C.C., 411 Ring Road, Elizabethtown, Kentucky 42701-8701; Barry L. Myers, Manager, Taylor County R.E.C.C., 100 West Main Street, Post Office Box 100, Campbellsville, Kentucky 42719; Christopher S. Perry, Fleming-Mason Energy Cooperative, Post Office Box 328, Flemingsburg, Kentucky 41041; Bill Prather, Farmers R.E.C.C., 504 South Broadway, Post Office Box 1298, Glasgow, Kentucky 42141-1298; Bobby D. Sexton, President/General Manager, Big Sandy R.E.C.C., 504 11th Street, Paintsville, Kentucky 41240-1422; by mailing a true and accurate copy to them postage pre-paid on the 19 day of May, 2008.

GRANT, ROSE & PUMPHREY

By: 
Robert L. Rose
51 South Main Street
Winchester, Kentucky 40391
ATTORNEYS FOR CLARK ENERGY
COOPERATIVE, INC.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIODS ENDING) CASE NO. 2007-00378
JUNE 30, 2006 AND DECEMBER 31, 2006, FOR)
THE TWO-YEAR BILLING PERIOD ENDING)
JUNE 30, 2007, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CERTIFICATE

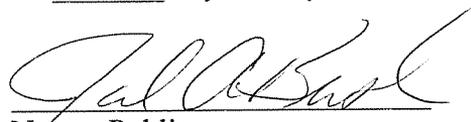
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Paul G. Embs, being duly sworn, states that he has supervised the preparation of the responses of Clark Energy Cooperative, Inc. to the Public Service Commission Data Requests in the above-referenced case dated May 1, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Paul G. Embs
President & CEO

Subscribed and sworn before me on this 15 day of May, 2008.



Notary Public

My Commission expires: MY COMMISSION EXPIRES NOV 5, 2008

Question No. 1:

Has your cooperative experienced any problems in administering its environmental surcharge pass through mechanism over the 2-year period under review in this case? If yes, explain in detail the nature of the problems and any suggested changes to cure the problems.

Answer:

Clark Energy Cooperative, Inc. has experienced a slight under-recovery of the environmental surcharge from their customers, due to the pass-through allocation methodology used to bill for the surcharge at retail. East Kentucky Power Cooperative, Inc. is currently evaluating this situation, in an effort to determine if changes can be made in the pass-through mechanism which would resolve this under-recovery, but Clark Energy Cooperative, Inc. does not have a specific change to recommend, at this time.

Question No. 2:

Has your cooperative received any customer complaints regarding the environmental surcharge pass through mechanism during the 2-year period under review in this case? If yes, state the number of complaints received, the nature of each complaint, and the service classification of each customer making a complaint.

Answer:

Clark Energy Cooperative, Inc. has not received any customer complaints concerning the environmental surcharge pass through mechanism. However, numerous inquiries, mostly residential, have been received about the amount of and need for the environmental surcharge and it's volatility from month to month.

Question No. 3:

Does your cooperative believe that its environmental surcharge pass through mechanism has operated reasonably over the 2-year period under review in this case? If no, explain in detail.

Answer:

Yes.

Question No. 4:

Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism? If yes, explain in detail the nature of each change and the reasons why the change is needed.

Answer:

As referenced in the response to Request No. 1, East Kentucky Power Cooperative, Inc. ("EKPC") has been made aware of the fact that some EKPC member systems are experiencing an under-recovery of the environmental surcharge from certain customer classes, or large customers, due to the pass-through mechanism. Since the impact of this situation varies among different member systems, EKPC is currently evaluating this issue, in an attempt to identify possible changes in the allocation methodology which would be equitable for all member systems and retail customers. It is hoped that some acceptable changes to the pass-through methodology can be developed within the next 60 days. EKPC plans to present any proposed changes to the pass-through methodology to the Commission for review at the earliest appropriate time.

